

NEW APPLICATION
ORIGINAL



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September 16, 2008

VIA OVERNIGHT DELIVERY

Docket Control Center
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007
(602) 542-2237

T-02871A-08-0482

Re: Application of Global Tel*Link Corporation for Authorization to
Encumber and/or Mortgage its Assets

Dear Sir/Madam:

Enclosed please find for filing an original and thirteen (13) copies of Global Tel*Link Corporation's Application of Global Tel*Link Corporation for Authorization to Encumber and/or Mortgage its Assets.

I have also enclosed in a diskette with electronic copies of the Application in MSWord and PDF formats, as well as an extra copy of this letter to be date stamped and returned to me in the enclosed, self-addressed, postage prepaid envelope.

If you have any questions, or if I may provide you with any additional information, please do not hesitate to contact me. Thank you for your attention to this matter.

Respectfully submitted,

Lance J.M. Steinhart
Attorney for Global Tel*Link Corporation

Enclosures

cc: David B. Silverman, Esq.

Arizona Corporation Commission
DOCKETED

SEP 18 2008

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ARIZONA CORPORATION
COMMISSION
DOCKET CONTROL

2008 SEP 18 A 10:09

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER
Chairman

WILLIAM A. MUNDELL
Commissioner

MIKE GLEASON
Commissioner

KRISTIN K. MAYES
Commissioner

BARRY WONG
Commissioner

In the Matter of the Application of Global)	
Tel*Link Corporation for Authorization to)	Docket No. _____
Encumber and/or Mortgage its Assets)	
)	

APPLICATION OF GLOBAL TEL*LINK CORPORATION

Global Tel*Link Corporation ("Global" or "Applicant"), through its undersigned counsel and pursuant to A.R.S. § 40-285 and the rules of the Arizona Corporation Commission ("Commission"), hereby requests such Commission approval as may be necessary for Global to encumber and/or mortgage its assets in connection with certain debt issuance financing arrangements. Specifically, Global will act as a borrower on certain secured credit facilities and term loan agreements as described herein (the "Transactions"). Global, therefore, requests approval to grant a security interest in substantially all of its assets in support of the Transactions.

Applicant emphasizes that the Transactions and pledge for which approval is sought are all financial in nature and that none of those Transactions will affect the technical or managerial qualifications of Global or directly affect Global's services to

customers in Arizona. As financial transactions, the Transactions will not affect the day-to-day operations of Global or change any of the rates, terms or conditions under which Global provides services.

The public interest will be best served by the expeditious approval of this Application. The additional financing which Global will receive as a result of the Transactions will reinforce the financial strength of Global, allow Global to consummate the Merger and Transfer of Control described herein (the "Merger"). Commission approval is not required for the Merger, and Global has provided a notice to the Commission describing the Merger. Important business considerations require that the Transactions described herein be completed as soon as possible. Accordingly, Applicant respectfully requests that the Commission approve this Application on an expedited emergency basis.

In support of this Application, Applicant further states as follows:

I. The Parties

A. Global Tel*Link Corporation

Global is a privately-held Delaware corporation whose principal offices are located at 2609 Cameron Street, Mobile, Alabama 36607. Global is a wholly-owned subsidiary of GTEL Holdings, Inc. Global is engaged in the business of providing managed telecommunications services to inmates of state and county departments of corrections and in owning and operating prison payphones and public payphones. These services enable inmates to communicate with friends, family members, legal counsel and other approved parties outside the correctional facilities. Global provides these services throughout most of the continental United States. Global Tel*Link Corporation was granted a Certificate of Convenience and Necessity to Provide Customer- Owned Pay Telephone Service in the State of Arizona on December 20, 1995 pursuant to Decision No. 59429 in Docket No. U-2871-95-108.

B. GTEL Holdings, Inc.

GTEL Holdings, Inc. is a privately held Delaware corporation whose principal offices are located at 2609 Cameron Street, Mobile, Alabama 36607. GTEL Holdings, Inc. is a holding company, whose only business activities are conducted through Global.

C. GTEL Acquisition Corp.

GTEL Acquisition Corp. is a privately held Delaware corporation whose principal offices are located at 590 Madison Avenue, 41st Floor, New York, New York 10022.

GTEL Acquisition Corp. is not currently providing telecommunications in any state.

GTEL Acquisition Corp. is wholly owned by GTEL Holding LLC, a Delaware limited liability company. GTEL Holding LLC is controlled by a board of managers including the CEO of Global and managers appointed by The Veritas Capital Fund III, L.P. and GS Direct, L.L.C.

The Veritas Capital Fund III, L.P. is a private equity investment partnership managed by its sole general partner, Veritas Capital Partners III, L.L.C., a Delaware limited liability company. Veritas Capital Partners III, L.L.C. is controlled by its managing member, Robert B. McKeon, the managing member of Veritas Capital Fund Management, L.L.C., d/b/a Veritas Capital. Veritas Capital is a private equity investment firm headquartered in New York. Founded in 1992, Veritas Capital invests in a broad range of companies through buyouts, growth capital investments, and leveraged recapitalizations. The firm's primary objective is to partner with experienced management teams to develop leading companies in their respective markets. In addition to providing long-term capital, the firm works closely with its management partners in creating and executing a well-defined strategic plan that exploits a company's core competencies as well as attractive industry dynamics. Principals at Veritas Capital bring

long term investing experience through a variety of economic conditions allowing the firm to apply its skills and capital to a broad spectrum of industries. However, Veritas Capital has developed specific expertise in the defense, aerospace, government services, media/telecommunications, consumer products, and specialty manufacturing industries.

The Goldman Sachs Group, Inc. owns all of the equity interests in GS Direct, L.L.C., including the right to replace Goldman Sachs & Co., the sole manager of GS Direct, L.L.C. All of the limited partner equity interests in Goldman, Sachs & Co. are held directly or indirectly by The Goldman Sachs Group, Inc., and The Goldman, Sachs & Co. L.L.C. controls Goldman, Sachs & Co. as its sole general partner. All of the equity interests (voting and non-voting) in The Goldman, Sachs & Co. L.L.C. are held by The Goldman Sachs Group, Inc., which is a public company listed on the New York Stock Exchange. GS Direct, L.L.C. invests capital primarily alongside corporate and sponsor clients in situations in which access to its or its affiliates' capital, relationships or advisory services can enhance the value of the investment. The Goldman Sachs Group, Inc. provides investment banking, securities, and investment management services primarily to corporations, financial institutions, governments, and high-net-worth individuals worldwide.

D. GTEL Merger Corp.

GTEL Merger Corp. is a privately held Delaware corporation and a wholly-owned subsidiary of GTEL Acquisition Corp. GTEL Merger Corp. was organized solely for the purpose of entering into the Merger Agreement with GTEL Holdings, Inc. and completing the Merger, and has not conducted any business operations.

II. Designated Contacts

The designated contacts for questions concerning this Petition are:

Lance J.M. Steinhart
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1720 Windward Concourse
Suite 115
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Attorney for Global Tel*Link Corporation & GTEL Holdings, Inc.

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(202) 719-7049 (Facsimile)
bross@wileyrein.com (E-Mail)

Attorney for GTEL Acquisition Corp.

III. Description of Transfer of Transactions

GTEL Acquisition Corp. ("Acquiror"), GTEL Merger Corp. ("Merger Sub"), and GTEL Holdings, Inc. have entered into an Agreement and Plan of Merger dated as of September 11, 2008. Pursuant to the terms of the Agreement and Plan of Merger, at the Effective Time of the Merger, Merger Sub shall be merged with and into GTEL Holdings, Inc. whereupon the separate existence of Merger Sub shall cease, and GTEL Holdings, Inc. shall be the surviving corporation. Upon consummation of the Merger, Acquiror will own one hundred percent (100%) of the issued and outstanding capital stock of GTEL Holdings, Inc. which will remain as the 100% Shareholder of Global Tel*Link Corporation. Organizational charts, showing the current ownership structure of Global, and the ownership structure after the transfer is completed, are attached hereto as Exhibit A.

Immediately following the closing of the Merger (the "Closing"), (i) Acquiror will be wholly owned by GTEL Holdings LLC (the "Company"), which in turn will be owned by investors (the "Investors") consisting of The Veritas Capital Fund III, L.P., GS Direct, L.L.C. (a Goldman Sachs investment entity) and certain other investors and (ii) Global will be a wholly owned subsidiary of the Company.

The transaction will be funded and capitalized with proceeds of (x) borrowings under a \$235,000,000 Senior Secured Credit Facility (the "Senior Credit Facility"), (y) issuance of \$105,000,000 unsecured senior subordinated notes (the "Notes") and (z) \$153,000,000 of equity contributed by the Investors. The Senior Credit Facility consists of a (x) 5-year \$25,000,000 revolving loan facility and (y) a six-year \$210,000,000 term

loan facility, which includes a \$45,000,000 letter of credit sub-facility. The Senior Credit Facility will be secured by substantially all assets and properties of Acquiror, the Company and Global and a first-priority pledge of all of the equity of the Company and Global. The Notes are unsecured and have a maturity date of seven years from the Closing.

The table below summarizes the expected capitalization of the Company as of the Closing Date.

Summary Capitalization at Close

	<u>Funded Amount @ Close</u>	<u>% of Total</u>
Term Loan B	\$165,000,000	39.0%
Senior Subordinated Notes	105,000,000	24.8%
Total Debt	\$270,000,000	63.8%
 Total Common Equity	 \$153,000,000	 36.2%
Total Sources of Funds	<u><u>\$423,000,000</u></u>	<u><u>100.0%</u></u>

IV. Public Interest Analysis

Approval of this Petition is in the public interest because it will enhance Global Tel*Link Corporation's ability to compete in the market for telecommunications services in Arizona. The Transactions will strengthen Global as a competitor by providing access to financial resources necessary for Global to expand its customer base and develop new products and services to meet the evolving communications needs of authorities in Arizona that operate correctional institutions and other confinement facilities.

The Transactions will have no adverse effect upon customers. The Transactions will not result in any changes to Global Tel*Link Corporation's provision of service to its current customers. Global's corporate officers and management team responsible for its day-to-day operations are expected to remain essentially the same immediately following the Merger. The proposed Transactions will not have an adverse effect on non-management employees of Global, and no staff reductions are presently contemplated. In addition, the contact points for customers and Commission inquiries will remain the same after the transfer of control. Nor does the proposed transfer of control raise any competitive concerns. GTEL Acquisition Corp. holds no investments in the type of telecommunications authorizations held by or services offered by Global, and thus the proposed transaction will not result in any consolidation in the market for telecommunications services to the corrections industry in Arizona. The only impact of the proposed Transactions is financial in that Global will obtain access to increased resources necessary to become an even more effective competitor.

V. *Expedited Treatment Requested*

Petitioners hereby respectfully request that this Petition is considered on an expedited basis. Petitioners believe that expedited treatment is appropriate since the Parties desire to close the transaction promptly, for various important business, tax and financial reasons, and because rapid approval will ensure the public-interest benefits of the transaction, as previously discussed, will accrue at the earliest possible date. This filing is one of a number of applications/notifications to be submitted to federal and/or state regulatory bodies with respect to the Merger. Specifically, approval is being sought from several states including, without limitation, California, Georgia, Minnesota, Mississippi, New York, Pennsylvania, Tennessee, and West Virginia, along with the FCC. Accordingly, it is critical that the Parties obtain expedited approval of the transaction, to permit a timely completion and coordination of all aspects of the Merger.

VI. Relief Requested

WHEREFORE, Applicant respectfully requests that the Commission Authorize the pledge, mortgage, lien, and/or encumbrance of the assets of Global in connection with the financing arrangements described herein.

VII. Conclusion

For the reasons stated above, Applicant respectfully submits that the public interest, convenience, and necessity would be furthered by a grant of this Application on an expedited, emergency basis.

Respectfully submitted,

Global Tel*Link Corporation
GTEL Holdings, Inc.

By:

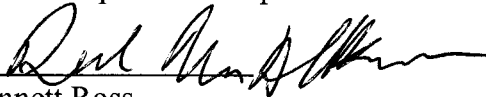


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Their Attorney

GTEL Acquisition Corp.

By:



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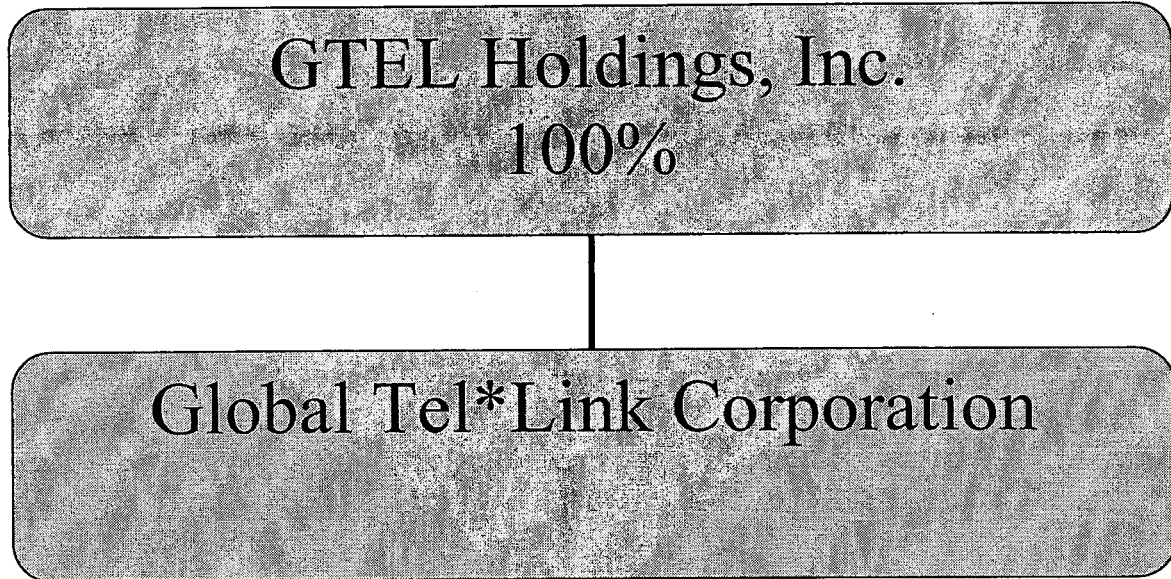
Its Attorney

Dated: September 16, 2008.

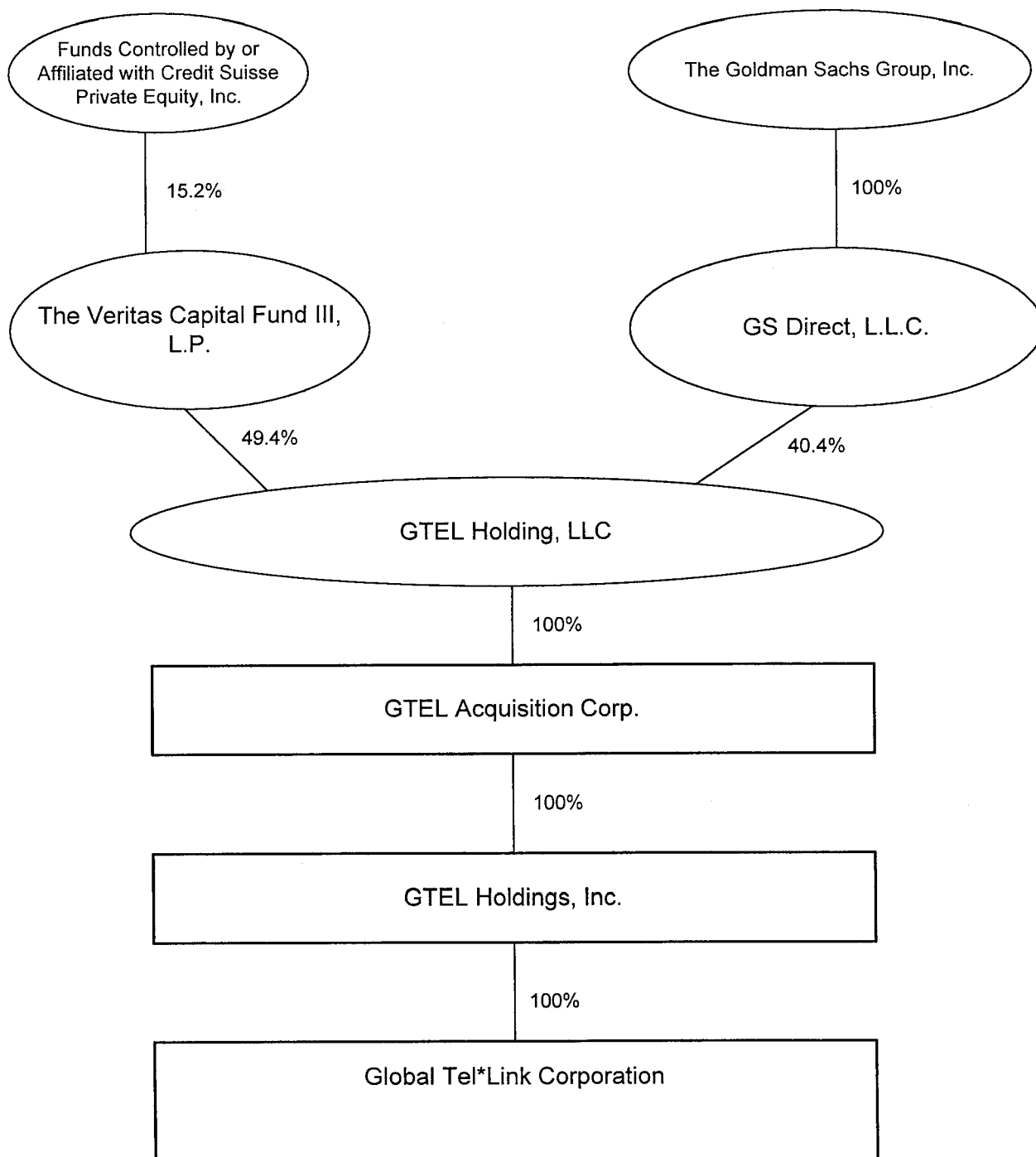
EXHIBIT A

ORGANIZATIONAL CHARTS

Pre Closing Holding Structure



Global Tel*Link Corporation
Post Closing Holding Structure
(all percentage interests are such entity's attributable voting interests in
Global Tel*Link Corporation)



Original and 13 copies of the foregoing deposited with FedEx for overnight delivery this 16th day of September, 2008, with:

The Arizona Corporation Commission
Utilities Division – Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007

Copy of the foregoing with FedEx for Overnight delivery this 16th day of September, 2008, to:

Christopher Kempley, Chief Counsel
Legal Department
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

Ernest Johnson, Director
Utilities Division
1200 W. Washington Street
Phoenix, Arizona 85007

Lyn Farmer, Chief Administrative Law Judge
Hearing Division
1200 W. Washington Street
Phoenix, Arizona 85007

VERIFICATION

STATE OF ALABAMA

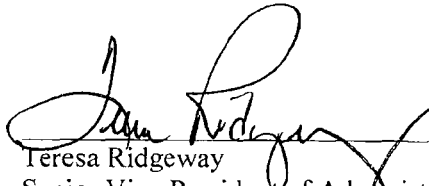
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CITY OF MOBILE

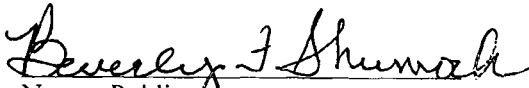
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VERIFICATION

I, Teresa Ridgeway, state that I am Senior Vice-President of Administration of Global Tel*Link Corporation; that I am authorized to make this Verification on behalf of Global Tel*Link Corporation; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information and belief.


Teresa Ridgeway
Senior Vice-President of Administration

Sworn and subscribed before me this 11th day of September 2008


Notary Public

My Commission Expires October 25, 2009